

**NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**FACULTY OF COMMERCE**  
**DEPARTMENT OF MARKETING**  
**CONSUMER AND INDUSTRIAL BUYER BEHAVIOR – CBU 5103**  
**FINAL EXAMINATION MAY 2014**  
**TIME ALLOWED: 3 HOURS, 15 MINUTES**

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**INSTRUCTIONS TO CANDIDATES**

Question **one** is compulsory. Answer **one** question in section B and **two** questions in section C

**INFORMATION TO CANDIDATES**

- i) Question one carries **40** marks.
- ii) Questions in section B and C carry **20** marks each.
- iii) Questions may be answered in any order.
- iv) Credit will be given for the use of appropriate examples.

**SECTION A**

**Question 1**

Read the case study attached at the end of this paper, and answer questions that follow.

**A Truly Unique Car: "The MINI puts a smile on your face"**

With the March 2002 introduction of the MINI to the United States, BMW hopes to gain a share of the small and compact car market. Targeting a high-tech and high-style consumer, the MINI features heated mirrors, a computer navigation system, an air-conditioned glove box, rain-sensing windshield wipers, and an eight-speaker premium stereo. The very "Euro-looking" MINI also features bright, flashy colors and a hard top of a different color. The wide range of colors and options gives each owner the opportunity to personalize the vehicle.

The BMW Group's 2000 Annual Report states, "Through the MINI brand, the BMW Group will further enhance its appeal to young and modern customers. With its emotional character, the MINI is tailored precisely to these target groups and meets the growing demand for premium offers also in the small car segment." The MINI has fared well in Europe. The drivers—typically young, urban, and trendy - find the MINI easy to drive and park in congested cities and appreciate the high kilometer to gasoline liter ratio. The MINI is quite small, under 12 feet long, and 4 feet, 7 inches tall; with its doors open, it is wider than it is long. BMW hopes to lure the same segment that Volkswagen did so successfully with its new Beetle.

With the MINI, BMW hopes not only to woo new customers but also to bring back current owners of the larger BMW cars. "The MINI will give BMW Group an excellent position in the small car segment in the future, especially as a MINI is the ideal second or third car for the BMW driver and other customers in existing BMW segments." The price is right for many consumers at \$16,850 to \$19,850, less than half the price of a BMW.

BMW sells the MINI through MINI franchises, which do not carry the BMW name; any dealers that are approved to carry the MINI must provide separate facilities for the automobiles. In addition, the car itself does not show the BMW logo but has a separate MINI logo.

In an effort to reach bargain-conscious consumers, BMW provides the MINI at an exceptionally low price. Serious concerns have been raised about the quality of the MINI and the fact that it is associated with the BMW name. Brand name dilution may be a serious future concern. BMW owners typically desire luxury and status; however, with the MINI being so price competitive, it is possible that many who cannot afford to purchase a BMW will purchase a MINI to be a part of the BMW family of cars. On the other hand, "as a luxury brand, if you lower your price range, it gets more risky," says Wendelin Wiedeking, president and chief executive of Porsche AG. "Exclusivity is very much related to price."

More problems with the MINI have arisen in the company's international markets. A recall of 500 MINIs took place after workers noticed sparks while fueling vehicles. More than 6,500 vehicles were retrofitted to correct the problem, costing BMW more than \$508,000. These types of setbacks have the potential to inflict damage to a prestigious brand name. "People are watching the MINI launch very carefully," said John Lawson, an analyst at Schroder Salomon Smith Barney. "They need to be convinced that the MINI will be a high-quality product and will be sensitive to anything that suggests it is not."

BMW has focused its advertising efforts on its Certified Pre-owned vehicles in 2002. The Certified Preowned BMW is given a warranty and a series of checks in order to be classified as Certified. With this new push toward selling used cars, BMW might again be risking a dilution of brand image with luxury-conscious consumers. Making the BMW name a more affordable prospect to more segments of the population may reduce the prestige and luxury appeal of a BMW. In addition, continuous advertising of a pre-owned vehicle can lessen the brand name in the eyes of prestige-conscious consumers.

BMW has launched a new used car program, called "BMW Premium Selection," designed to ensure the quality of its used cars around the world. The program is an exclusive offer of approved used BMW cars—globally consistent, reliable, and with premium quality. The program is designed to provide peace-of-mind motoring when purchasing a used vehicle. A BMW premium selection vehicle now comes with a series of stringent checks for performance, reliability, and safety.

BMW now has a fantastic virtual showroom. This website shows all the pre-owned and premium selection BMW vehicles currently available in authorized dealerships. Customers can easily access interior and exterior photos of each vehicle, as well as information such as mileage and price. There is a search function that helps customers streamline their choices based on price, model, or location. Customers may then contact selected authorized BMW dealers for a test drive.

A car is the second most important investment consumers make after buying a home. Good investors always look for affordable products that do not have a too-rapid depreciation of market value. In this vein, BMW has recently launched a financing package that simplifies and promotes the financing of car ownership.

Recently, BMW commissioned a study of potential buyers in the \$30,000 to \$100,000 price range and found a surprising result, namely, that 75 percent of the survey respondents indicated they would not consider purchasing a BMW. Why? The survey indicated that potential buyers perceived the BMW as not doing well in snow conditions (because of its rear-wheel drive feature). Also, concerns about fuel economy and safety were expressed in the survey. In contrast to past ads that have shown BMWs driven fast, rounding corners, and touting the slogan "ultimate driving machine," the new ad campaign attempts to address consumer concerns head-on.

**Adapted from:-"Spain - Spanish Geert Hofstede Cultural Dimensions Explained for Espana." Geert Hofstede Cultural Dimensions. 2009. Web. 05 Apr. 2011**

- a) Elaborate on the segmentation, the targeting and positioning strategies used by BMW in marketing the MINI and the Certified Pre-owned BMW.  

**[10 marks]**
- b) Explain using Gestalt psychology how marketers of the BMW range can appeal to their target markets?  

**[15 marks]**

- c) Using both the Pavlovian and Instrumental conditioning theories, recommend marketing communication strategies that would entice consumers to purchase both the Mini and the Pre-owned BMW.

[15 marks]

## **SECTION B**

### **Question 2**

Consumers are constantly bombarded by messages inducing them to change their attitudes. Explain how attitudes can be created and modified?

[20 marks]

### **Question 3**

Most consumers go through a series of steps when they make a purchase; some decisions are automatic while others are more complex. Discuss by using decision making models, how marketers may influence each step in this process.

[20 marks]

## **SECTION C**

### **Question 4**

‘Understandings of the buying centre in business markets entails understanding the *structural and interactive dimensions* of the buying centre elements.’

- a) Identify and explain these structural and interactive dimensions indicating how they impact on the decision making within the buying centre. [12 marks]
- b) Discuss how the buying centre interactions will also be impacted upon by the nature of the product under consideration. [8 marks]

### **Question 5**

‘Even though business buying is viewed as a rational process, emotions still play an important role in the process’

Using your organisation or any organisation of your choice buying a business product as an example, illustrate how the interpersonal and individual factors shape the buying decision process for that product. **[20 marks]**

**Question 6**

- a) Discuss the characteristic features of a strong relationship in business markets. **[10 marks]**
- b) What ethical considerations tend to lead to failure of business relationships in many Zimbabwean organisations? **[10 marks]**

**Question 7**

Using Hakansson's Interaction Model, illustrate how the integration of the individual episodes and the organizational episodes in the context of the prevailing atmosphere and environment leads to the development of strong buyer-seller relationships in business markets. **[20 marks]**